

**Education and Workforce Development Cabinet**

# **Kentucky jobless rate jumps as employment drops in May**

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Editor's Note: Preliminary May and revised April labor market information are included in this release.

FRANKFORT, Ky. — Kentucky's trade, transportation and utilities sector suffered the largest number of job losses (4,800) in May 2009 as the state's nonfarm employment decreased by 11,500 workers from April 2009 and fell by 85,300 professionals since last May, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet.

Kentucky's seasonally adjusted preliminary unemployment rate for May 2009 jumped to 10.6 percent from a revised 9.9 percent in April 2009. May 2009's jobless rate is 4.4 percentage points higher than the 6.2 percent rate recorded in May 2008 and it matches the 10.6 percent reported in October 1983.

The U.S. seasonally adjusted jobless rate rose from 8.9 percent in April 2009 to 9.4 percent in May 2009, according to the U.S. Department of Labor.

"In May 2009, Kentucky's economy continued to lose traction by suffering a 0.7 percentage point increase in the unemployment rate, the second largest monthly increase on records dating to January 1976. The trade, transportation and utilities sector led the employment decline as retailers, wholesalers and transportation companies cut back amid weak demand for products," said Dr. Justine Detzel, OET chief labor market analyst.

Unemployment statistics are based on estimates and are compiled to measure trends rather than actually to count people working.

Seven of the 11 major nonfarm North American Industry Classification System (NAICS) job sectors reported an employment decrease in May 2009, while four increased, according to OET. A decline of 11,500 jobs in May 2009 brought Kentucky's nonfarm employment to a seasonally adjusted total of 1,778,800.

"Since May 2008, Kentucky non-farm employment has decreased by 85,300 professionals. This marks the 15th month in a row of year-over-year employment decreases and the largest year-over-year drop on records dating back to January 1990. May 2009 is the second consecutive month and the fifth time in the last six months that the year-over-year employment decline set a record high," said Detzel.

According to the seasonally adjusted employment data, Kentucky's trade, transportation and utilities sector lost 4,800 jobs in May 2009. This area includes retail and wholesale trade, transportation and warehousing businesses and utilities. It is the largest sector in Kentucky with 368,900 employees. Since May 2008, the number of jobs in this sector has fallen by 14,500.

"Weak demand for products resulted in cutbacks at retailers, wholesalers and transportation companies in May. As households retrench and rein in discretionary expenditures, retail trade businesses, wholesale trade establishments and transportation enterprises have been forced to cut back," said Detzel.

The number of jobs in the professional and business services sector declined by 3,900 positions in May 2009. This area has lost 10,400 employees since May 2008. The professional and business services sector includes professional, scientific and technical services, management of companies and administrative and support and waste management, including temporary help agencies.

The construction sector recorded 2,700 fewer positions in May 2009. Since May 2008, employment in the construction sector has plunged by 18,200 positions.

"This represents the sixth decrease in employment in the last seven months, reflecting debility in the residential construction industry," Detzel said.

Kentucky's manufacturing sector lost 1,800 jobs in May 2009. Compared to May 2008, jobs in the sector plummeted by 40,200.

"Job losses in May were evenly distributed between the durable goods and nondurable goods subsectors. Employment losses in the durable goods subsector reflect layoffs at automobile manufacturers, the closings of multiple automobile parts factories and a steel-fabrication plant closing," Detzel said.

"The durable goods subsector accounted for the majority of the year-over-year employment decrease reflecting the malaise resulting from the automobile slump impacting Kentucky. Consumers, grappling with layoffs, tighter credit conditions and declining household wealth, have developed a reticence to opening their pocketbooks and wallets, choosing instead to postpone purchases of long-lasting manufactured goods such as automobiles."

The financial activities sector had 1,400 fewer positions in May 2009. This segment, which includes businesses involved in finance, insurance, real estate and property leasing or rental, has dropped 3,700 positions over the past 12 months.

The state's leisure and hospitality sector reported an employment decrease of 1,100 jobs in May 2009. Since May 2008, employment in the sector has increased by 500. The leisure and hospitality sector includes arts, entertainment and recreation, accommodations and food services and drinking places industries.

"Year-over-year job gains in arts, entertainment and recreation businesses outweighed year-over-year employment declines in the accommodation and food services industry," Detzel said. "The slow growth in the last year is attributed to a decline in consumer spending. Stagnant wages, rising food prices, a moribund stock market, declining home equity and mounting job losses are

straining household budgets and causing consumers to splurge less on leisure activities and restaurant meals.”

The information sector recorded 200 fewer jobs in May 2009. This segment, which includes firms involved in publishing, Internet activities, data processing, broadcasting and news syndication, has lost 700 positions since May 2008.

The government sector, which includes public education, public administration agencies and state-owned hospitals, increased by 2,100 positions in May 2009. The sector has 1,700 fewer jobs compared to May 2008.

The state’s other services sector, which includes such establishments as repair and maintenance businesses, personal and laundry services, religious organizations and civic and professional organizations, added 1,300 jobs in May 2009. This sector had 1,200 fewer jobs in May 2009 than in May 2008.

The state’s educational and health services sector rose by 900 jobs in May 2009. Since last May, the number of jobs in this sector has increased by 2,500. This sector includes private and nonprofit establishments that provide either education and training or health care and social assistance to their clients.

“Three new colleges opening and expansions at four educational institutions in the last year contributed to the rise in the number of jobs in the educational services industry. General population growth and a longer life expectancy help explain the continued expansion of health care employment. In addition, as the baby boom generation ages, there is an increased need for health services,” said Detzel.

The mining and logging sector had 100 more jobs in May 2009. The sector has added 2,300 jobs since May 2008 because of hiring in the coal mining industry.

The U.S. Bureau of Labor Statistics’ monthly estimate of the number of employed Kentuckians for May 2009 was 1,856,129 on a seasonally adjusted basis. This figure is down 15,340 from the 1,871,469 employed in April 2009, and down 56,503 from the 1,912,632 employed in May 2008.

The monthly estimate of the number of unemployed Kentuckians for May 2009 was 220,565, up 15,494 from the 205,071 Kentuckians unemployed in April 2009, and up 95,212 from the 125,353 unemployed in May 2008.

The monthly estimate of the number of Kentuckians in the civilian labor force for May 2009 was 2,076,694. This figure is up 154 from the 2,076,540 recorded in April 2009, and up 38,709 from the 2,037,985 recorded for May 2008.

Civilian labor force statistics include non-military workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at [www.workforce.ky.gov](http://www.workforce.ky.gov).

A complementary experimental hours and earnings series is available at <http://www.bls.gov/sae/saeaepp.htm>.